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Hammond

July 13, 2001

Board of Supervisors
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First District

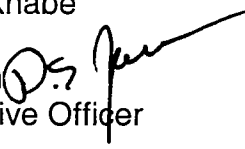
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To: Supervisor Michael D. Antonovich, Mayor
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From: David E. Janssen 
Chief Administrative Officer

WISCONSIN LEGISLATION UPDATE

On June 12, 2001, the Board instructed my office to study pending Wisconsin legislation which encourages airline expansion by exempting the State hub airlines from the State's airline property tax, and determine if similar tax incentives can be sought in California to encourage airlines to consider other regional airports when seeking expansion of their operations. Consistent with that request, we are providing the Board with a status report of our findings and indicating the additional research which will be required.

After reviewing the Wisconsin legislation, it appears the objective to create a property tax exemption to encourage airline expansion differs from the Board's intention to encourage airlines to go to other regional airports when seeking expansion of their operations. The proposed Wisconsin Assembly Bill 101 proposes the following actions:

- Grants a tax exemption of airplanes and other property of air carriers that maintain a hub facility in the State;
- Directs all revenues derived from aeronautics activities that are currently deposited to a transportation fund to a new appropriation specifically supporting aeronautics activities; and
- Creates an airport financing committee which would review and evaluate the State's airport system needs and the current system of funding those needs, and recommend changes to better meet those needs.

Together We Can Conserve Energy



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One of the key objectives of the Wisconsin Bill is to provide an incentive for airlines currently in the State to expand within the State by exempting them from property tax. According to several newspaper articles, Wisconsin legislators are seeking approval of this legislation to keep three Wisconsin airlines from expanding to other states. On the face of it, a Wisconsin-type tax incentive in California would probably only encourage airport expansion within the State, not regionally. Therefore, any tax incentive to encourage airport expansion in California would likely differ from Wisconsin's approach in that it would have to offer specific tax incentives to encourage expansion away from over burdened airports (e.g., Los Angeles International Airport) to less used regional airports (i.e., Palmdale, Ontario, George Air Force Base) within a certain region.

Although the intent of the Wisconsin legislation may not be directly applicable to promoting airport expansion to regional airports, there may be components of the legislation that could be adapted to our regional needs. Thus, this office will conduct additional research regarding California's tax/fee structure relating to airport activities and, subsequently, offer policy options that achieve the desired goal of encouraging airlines to expand to regional airports. We target providing our findings to the Board by the end of August 2001.

Please let me know if you have any questions, or your staff can contact Jerry Ramirez of this office at (213) 974-4282.

DEJ:LS
MKZ:JR/JHG:nl

c: Executive Officer, Board of Supervisors
County Counsel
Director of Planning
Director of Public Works